

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 4985-02
Bill No.: HB 1340
Subject: Lobbying; Ethics; Campaign Finance
Type: Original
Date: February 24, 2014

Bill Summary: This proposal changes provisions relating to ethics, conflicts of interest, lobbying and campaign finance.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2015	FY 2016	FY 2017
General Revenue	Unknown to (Greater than \$140,460)	Unknown to (Greater than \$163,178)	Unknown to (Greater than \$164,839)
Total Estimated Net Effect on General Revenue Fund	Unknown to (Greater than \$140,460)	Unknown to (Greater than \$163,178)	Unknown to (Greater than \$164,839)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2015	FY 2016	FY 2017
MEC Enforcement Fund*	\$0	\$0	\$0
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

* Revenues and costs net to zero.

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 21 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2015	FY 2016	FY 2017
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2015	FY 2016	FY 2017
General Revenue	3 FTE	3 FTE	3 FTE
Total Estimated Net Effect on FTE	3 FTE	3 FTE	3 FTE

☐ Estimated Total Net Effect on All funds expected to exceed \$100,000 savings or (cost).

☒ Estimated Net Effect on General Revenue Fund expected to exceed \$100,000 (cost).

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2015	FY 2016	FY 2017
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials at the **Office of Attorney General (AGO)** assume the proposal provides that the ethics commission "shall have the authority to direct the office of the attorney general... to assist with any investigation," and when so directed, the attorney general "shall aid the ethics commission in any investigation." (§§ 105.959.9, 27.035). Moreover, such investigations are subject to certain time limitations (§105.959). As such direction is left to the discretion of the ethics commission, the AGO has no way of knowing how many such investigations the AGO would be called upon to assist, the complexity of such investigations, and the level of assistance that would be required. Accordingly, costs are unknown but may be significant and may exceed \$100,000. The AGO will seek additional appropriations to carry out these investigative responsibilities.

Separately, the AGO currently accepts referrals from the ethics commission for the purpose of taking necessary legal actions in order to collect certain fees and penalties owed to the commission. The addition of numerous requirements and restrictions contained in the proposal may lead to an increase in such referrals. The AGO currently assumes that the costs associated with such increased referrals can be absorbed with existing resources, but the AGO will seek additional appropriations if the increase in referrals is significant or leads to significant additional litigation.

Oversight assumes that the Office of Attorney General can absorb the requirements of this proposal with existing staff. Should the increased referrals reach the number to justify additional FTE, the FTE can be sought through the appropriation process.

Officials at the **Department of Corrections (DOC)** assume this proposal will have a legal impact on DOC, as it amends Sunshine Law to include any public official, statewide elected official, or employee of the state and its agencies as a "public governmental body." Redefining "public governmental body" to include any state employee will result in extreme difficulty complying with the Sunshine Law. If each employee is a public governmental body unto themselves, it would appear that any meeting, including telephone calls, by a state employee would be a "public meeting" requiring notice and potentially every document prepared by every employee could be a "public record." This also appears to conflict with other language in §610.010. The resulting fiscal impact for passage of this proposal is unknown for the DOC.

The penalty provisions, the component of the bill to have potential fiscal impact for DOC, is for up to a class D felony. Currently, the DOC cannot predict the number of new commitments which may result from the creation of the offense(s) outlined in this proposal. An increase in commitments depends on the utilization by prosecutors and the actual sentences imposed by the court.

ASSUMPTION (continued)

If additional persons are sentenced to the custody of the DOC due to the provisions of this legislation, the DOC will incur a corresponding increase of direct offender costs either through incarceration (FY13 average of \$18.014 per offender, per day, or an annual cost of \$6,575 per inmate) or through supervision provided by the Board of Probation and Parole (FY13 average of \$5.07 per offender, per day or an annual cost of \$1,851 per offender).

The following factors contribute to DOC's minimal assumption:

- DOC assumes the narrow scope of the crime will not encompass a large number of offenders.
- The low felony status of the crime enhances the possibility of plea-bargaining or imposition of a probation sentence.
- The probability exists that offenders would be charged with a similar but more serious offense or that sentences may run concurrent to one another.

Supervision by the DOC through probation or incarceration would result in some additional costs, but it is assumed the impact would be \$0 or a minimal amount that could be absorbed within existing resources for the new crime portion of this bill. Changes due to the above-noted concerns in regard to the Sunshine Law is unknown. In summary, passage of this proposal would create an unknown fiscal impact for the DOC.

Oversight assumes DOC would not have an impact from the legislature and its staff being added to the definition of "public governmental body", as agencies are already covered in existing language.

Officials at the **Office of Administration's Division of Budget and Planning (BAP)** assume this proposal would not fiscally impact BAP. However, §105.955.19 requires fifty percent of any fine, fee, or penalty imposed under the jurisdiction of the Missouri Ethics Commission to be deposited into the newly created Missouri Ethics Commission Enforcement Fund. This would impact General Revenue collections by an unknown amount.

§105.468 requires paid political consultants to register with the Ethics Commission annually, including a \$10 filing fee. This provision could result in an unknown increase to Total State Revenues and could be subject to Article X, Section 18(e).

§§130.031 and 130.032 include civil penalties of no less than \$5,000 and additional penalties for subsequent violations of accepting contributions or making expenditures under a fictitious name. Additionally, they authorize a surcharge of \$1,000 plus an amount equal to the contribution in instances where a committee accepts or gives contributions greater than those allowed. These provisions could result in an unknown increase to Total State Revenues.

ASSUMPTION (continued)

Officials at the **Department of Conservation**, the **Missouri Department of Transportation**, the **Missouri House of Representatives**, the **Missouri Senate**, the **Office of Administration**, **Office of the Governor**, the **Office of the Lt. Governor**, the **Office of the State Auditor**, **Office of the State Public Defender** and the **Office of State Treasurer** each assume there is no fiscal impact to their respective organizations from this proposal.

Officials at the **City of Jefferson City**, the **City of Kansas City**, the **Fulton School District**, the **Johnson County School District**, the **Kansas City School District**, the **Lincoln University**, the **Linn State Technical College**, the **Missouri Southern State University**, the **Missouri Western State University**, the **Northwest Missouri State University**, the **Platte County Board of Election Commission**, **St. Louis County**, the **St. Louis County Board of Election Commission**, the **University of Central Missouri** and the **University of Missouri** each assume there is no fiscal impact from this proposal.

Officials from the **Office of the Secretary of State (SOS)** state many bills considered by the General Assembly include provisions allowing or requiring agencies to submit rules and regulations to implement the act. The SOS is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. The fiscal impact for this fiscal note to the SOS for Administrative Rules is less than \$2,500. The SOS recognizes that this is a small amount and does not expect that additional funding would be required to meet these costs. However, the SOS also recognizes that many such bills may be passed by the General Assembly in a given year and that collectively the costs may be in excess of what the office can sustain with the core budget. Therefore, the SOS reserves the right to request funding for the cost of supporting administrative rules requirements should the need arise based on a review of the finally approved bills signed by the governor.

Oversight assumes the SOS could absorb the costs of printing and distributing regulations related to this proposal. If multiple bills pass which require the printing and distribution of regulations at substantial costs, the SOS could request funding through the appropriation process.

Officials at the **Missouri Ethics Commission (MEC)** assume this proposal would require the following additional resources:

The proposed legislation will require the creation of new electronic filing systems as well as modifications to current filing systems. Below is an estimated amount of programming hours MEC believes would be necessary to complete electronic filing systems related to the Personal Financial Disclosure System, Lobbyist System and Campaign Finance System. MEC would have to provide the resources necessary to accomplish these tasks either by having current staff defer work on other ongoing projects or by contracting for these services.

ASSUMPTION (continued)

- Filing system for registration of political consultants. This system will entail the creation of a database, electronic registration system (2 pages), intranet application (2 pages) and website searches. The design of the system will take approximately 80 hours, and the development of the system will take approximately 600 hours (5 pages at 120 hours per page). The development includes programming, testing, and analysis. MEC estimates a total of 680 hours to develop this electronic system.
- Modify lobbyist filing system to record details of reimbursements. Modifying the current system will include changes to the database, programming changes of 2 data entry pages, website search and display. The modifications will include 40 hours of design work, 80 hours per data entry page (development/enhancement - total of 160 hours) and 120 hours for the development of a website page. Development of the two data entry pages and website page will include programming, testing and analysis. MEC estimates a total of 320 hours to modify this electronic filing system.
- Modify Personal Financial Disclosure (PFD) electronic filing system to record new required data. Modifying the current system will include changes to the database, creation of new data entry pages, modification to the systems menu and modifying the electronic form. Modifying the current system will include 40 hours of design work, 80 hours per page to develop 2 new pages (total of 160 hours), 40 hours to complete the enhancements of menu pages and 40 hours to enhance the electronic form. The development includes programming, testing and analysis. MEC estimates a total of 280 hours for this modification.
- Modify Personal Financial Disclosure (PFD) electronic filing system to allow 2nd PFD filing for specific filers. Modifying the current system will entail 80 hours to design and develop one page. The development includes programming, testing and analysis. MEC estimates a total of 80 hours for this modification.
- Modify campaign finance system to record additional information on in-kind contributions received. Modifying the current system will entail 40 hours of design, development of one filing page (80 hours), one 3rd party filing page (80), one form (40), and one web search (40). The development includes programming, testing and analysis.
- Modify campaign finance system to record addition information on in-kind expenditures made. Modifying the current system will entail 40 hours of design, Development of one filing page (80 hours), one 3rd party filing page (80), one form (40), and one web search (40). The development includes programming, testing and analysis. MEC estimates a total of 560 hours (280 hours for the changes on in-kind contributions received and 280 hours for changes on in-kind expenditures).

ASSUMPTION (continued)

- Modify campaign finance system and MEC internal search capabilities for oversight of the campaign finance committees' adherence to the specific contribution limits, as established in 105.955.14, RSMo. Current campaign finance data collection would allow the MEC to use search capabilities, providing for a manual review by MEC staff of adherence to the established limits. MEC estimates 240 hours to include development, programming, testing and analysis.

Total estimated cost for all computer upgrades is \$136,080 for 2,160 FTE hours.

MEC anticipates the need for 2 Business Analysts to conduct the routine work necessary in reviewing and providing oversight for the area of Personal Financial Disclosure. The Business Analysts would review reports for compliance, prepare necessary notices, track the filings and assist the filers in completing the necessary reports. Currently, we have one Analyst handling approximately 9,364 PFD filings and corresponding with 4,016 political subdivisions. The proposed legislation eliminates the option for political subdivisions to pass an ordinance to allow filers to file locally rather than with the MEC. As a result, MEC anticipates that it will handle 57,784 additional PFD filers. The breakout of those projected additional filers is set out below.

- Annual Filers - MEC received approximately 8,416 annual filings in 2013 (Personal Financial Disclosures due by May 1 - long form filers). We currently have 4,016 political subdivisions. Generally, from each subdivision the following positions will be required to file a Personal Financial Disclosure: each board member, chief administrative officer, chief purchasing officer, full-time general counsel and candidates for office. We calculated the prospective number of filers from each political subdivision by multiplying the total number of political subdivisions by the number of board members, chief administrative officer and chief purchasing officer. For example, we currently have 118 Ambulance Districts. Statute sets the number of board members as six (6); add to this the chief administrative and purchasing officer positions as required, and the number of required annual filers for each ambulance district is eight (8). (Since it is rare for a district to have a full-time general counsel, this office was not included. However, in our final estimate we rounded to include any additional positions would be included.) We did the similar calculations for each political subdivision type such as: schools, nursing homes, hospitals, health departments, fire, water, sewer, etc. We came to a total of 25,584 additional annual filers.
- Candidates - Without knowing how many candidates may file for office, we worked on the assumption of one per board position. Although not all board members run during the same election year, by including one candidate per board position this will provide an estimate of 32,000 potential candidates.

ASSUMPTION (continued)

- General Assembly - We estimated approximately 2 legislative assistants per Senator or Representative for a total of 200 additional filers.

MEC anticipates the need for 2 Business Analysts to conduct the routine work necessary in reviewing and providing oversight for the area of Lobbying, Campaign Finance, Assessment of Late Fees and the implementation of the MEC Enforcement Fund. The Business Analysts would review reports for compliance, prepare necessary notices, track the filings, assist the filers in completing the necessary reports, track non-filings, assess late fees for late filers and monitor the receipts into the MEC Enforcement fund and the expenditures from the MEC Enforcement fund. Currently, our office assesses a total of 761 late fees for late filers in the areas of campaign finance, lobbying and personal financial disclosure (PFD). Our current percentage of PFD filers assessed for filing late is 2.4%. We estimate approximately 1,386 additional late PFD filings. Each non-filer and late filer must be notified via certified mail.

MEC anticipates the need for 1 Trainer to provide education/training and develop informational materials as it relates to the various changes contained in this legislation.

If the Commission identifies significant violations during the process established in Section 105.955.14 (2), (3), RSMo or complaints received increase significantly an Investigator would be required to review potential violations.

Oversight assumes that this proposal, in §105.453, prohibits certain elected officials from registering as a lobbyist. It is unclear if the change would increase or decrease the number of individuals filing lobbyist reports. Oversight assumes the MEC should be able to absorb the cost of this part of the proposal.

Oversight assumes that this proposal, in §§105.456 and 105.473, prohibits certain elected officials from soliciting a position as a lobbyist or paid political consultant and prohibits the acceptance of any item of value from a lobbyist. It is unclear if the change would increase or decrease the number of individuals filing lobbyist reports. Oversight assumes the MEC should be able to absorb the cost of this part of the proposal.

Oversight assumes that this proposal, in §105.465, prohibits elected officials from accepting anything in exchange for their vote. Oversight assumes that due to the severity of the penalty, it being a class D felony, that elected officials will comply with this proposal and no penalties would be assessed.

Oversight assumes that in §105.468, paid political consultants are required to register with the MEC and pay a \$10 filing fee. Oversight will reflect the increased revenue to the state as \$0 (no paid political consultants register) to Unknown.

JH:LR:OD

ASSUMPTION (continued)

Oversight assumes that this proposal, in §105.478, makes it a misdemeanor and felony to violate the lobbyist laws. Oversight assumes that do to the severity of the penalties, that individuals will comply with this proposal and no penalties would be assessed.

Oversight assumes that this proposal, in §§105.483 - 105.487, adds more people to the list of people required to file a personal financial disclosure statement including the elimination of the filing of the short form personal financial disclosure statement by political subdivisions that previously adopted a code of ethics policy. Secondly, more questions are added to the personal financial disclosure form. Thirdly, elected officials and their staff must file a second personal financial disclosure statement per year.

Oversight assumes that the MEC has programmers on staff to handle the reprogramming of the personal financial disclosure computer system to add the additional questions required by this section and would not need to contract for these services. Oversight assumes that part of the proposal would have no fiscal impact on the MEC.

Oversight assumes that the MEC would need the two Business Analyst to help with the Personal Financial Disclosure Statements additional filers. Oversight will show an additional Business Analyst for help with late filings, investigations and other duties.

Oversight has, for fiscal note purposes only, changed the starting salary for the three Business Analyst positions to correspond to the second step above minimum for comparable positions in the state's merit system pay grid. This decision reflects a study of actual starting salaries for new state employees and policy of the Oversight Subcommittee of the Joint Committee on Legislative Research.

Oversight assumes that MEC can inform lobbyist, candidates and filers of the personal financial disclosure statements of the changes in this proposal through their regular mailings and email. Therefore, MEC would not need a Trainer to inform the public of these changes.

Oversight assumes that this proposal, in §105.955, creates the Missouri Ethics Commission Enforcement Fund into which fifty percent of all fine, fee or penalties for violation of ethics laws shall be deposited. The money in the Fund shall be used to fund activities of the MEC. Oversight will indicated revenue to the fund as \$0 (no penalties assessed) to Unknown. Oversight assumes that all money received in the Fund will be used per this section.

Oversight assumes that this proposal, in §105.957, allows the MEC to reimburse, to an original source of information, an amount equal to 10% of any fine, fee or penalty assessed a person who is subject to violations of the MEC laws. Oversight will show the cost of the reimbursement as \$0 (no reimbursements) to Unknown.

ASSUMPTION (continued)

Oversight assumes that this proposal, in §§105.959 - 105.961 and 105.966, changes the deadlines for completion of the investigation of complaints. Oversight assumes that MEC could absorb the requirements of this proposal with existing resources.

Oversight assumes that this proposal, in §105.963, removes the caps off the assessment of late fees. Oversight assumes this would not fiscally impact the MEC.

Oversight assumes that this proposal in numerous sections changes the name of "continuing committees" to "political action committees". Oversight assumes this change would not fiscally impact MEC.

Oversight assumes that this proposal, in §130.021, prohibits an individual from being treasurer of more than one committee and does not allow a person to start another committee until all past reports and fees are paid. Oversight assumes that once individuals are informed of the new requirements they will comply with the provisions. Due to the limited number of non-compliers, MEC should be able to handle the review of the files with existing staff.

Oversight assumes that this proposal, in §130.031, prohibits the concealing of the source of a contribution and authorizes a penalty for violation of this provision. Oversight assumes it is unclear how many possible penalties will be assessed, therefore, Oversight will show the impact as \$0 (no penalties assessed) to Unknown.

Oversight assumes that this proposal, in §130.032, reinstates campaign contribution limits. In 2008, Senate Bill 1038 repealed campaign finance contribution limits in Missouri. At that time, the MEC did not reduce its number of FTE due to the cutback in the number of complaints and investigations caused by the campaign limits being repealed. Therefore, Oversight assumes the current FTE should be able to handle the increased number of complaints and investigations due to the limits being reimposed. Oversight assumes this proposal has no fiscal impact on the MEC.

Oversight assumes that this proposal, in §130.044, requires the reporting of all contributions in excess of \$2,000 to the MEC within 48 hours of receipt of the contribution. Oversight assumes that the MEC has programmers on staff to handle the reprogramming of the computer systems and would not need to contract for these services. Oversight assumes this proposal would have no fiscal impact on the MEC.

Oversight assumes that this proposal, in §130.073, allows the MEC to remove a candidate from the ballot for violations of the ethics laws. Oversight assumes that the once individuals are informed of the new requirements they will comply with the provisions. Due to the limited number of non-compliers, MEC should be able to handle the review of the files with existing staff.

JH:LR:OD

FISCAL IMPACT - State Government

FY 2015
 (6 Mo.)

FY 2016

FY 2017

GENERAL REVENUE

Additional Revenue - Missouri Ethics
 Commission - paid political consultants
 registration fee

\$0 to Unknown \$0 to Unknown \$0 to Unknown

Revenue Reduction - 50% of money from
 fines, fees and penalties transferred to
 new fund

\$0 to
 (Unknown) \$0 to
 (Unknown) \$0 to
 (Unknown)

Costs - Missouri Ethics Commission

Personal Service

(\$88,050) (\$106,717) (\$107,784)

Fringe Benefits

(\$44,910) (\$54,431) (\$54,975)

Equipment and Expenses

(\$7,500) (\$2,030) (\$2,080)

Total Costs - MEC

(\$140,460) (\$163,178) (\$164,839)

FTE Change - MEC

3 FTE 3 FTE 3 FTE

GENERAL REVENUE

Unknown to **Unknown to** **Unknown to**
(Greater than **(Greater than** **(Greater than**
\$140,460 **\$163,178** **\$164,839**

Estimated Net FTE Change on General
 Revenue

3 FTE 3 FTE 3 FTE

FISCAL IMPACT - State Government
 (continued)

FY 2015
 (6 Mo.)

FY 2016

FY 2017

**MISSOURI ETHICS COMMISSION
 ENFORCEMENT FUND**

Additional Revenue - 50% of money from
 fines, fees and penalties

\$0 to Unknown

\$0 to Unknown

\$0 to Unknown

Additional Revenue - penalty for
 concealing source of contribution

\$0 to Unknown

\$0 to Unknown

\$0 to Unknown

Cost - expenses of the Missouri Ethics
 Commission

\$0 to
 (Unknown)

\$0 to
 (Unknown)

\$0 to
 (Unknown)

Cost - reimbursement of 10% of money
 from fines, fees and penalties to a person
 who is an original source

\$0 to
 (Unknown)

\$0 to
 (Unknown)

\$0 to
 (Unknown)

**ESTIMATED NET EFFECT ON
 MISSOURI ETHICS COMMISSION
 ENFORCEMENT FUND**

\$0

\$0

\$0

FISCAL IMPACT - Local Government

FY 2015
 (6 Mo.)

FY 2016

FY 2017

\$0

\$0

\$0

FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

FISCAL DESCRIPTION

This bill changes the laws regarding ethics. In its main provisions, the bill:

- (1) Prohibits the solicitation of expenditures or fund-raising activities and events supporting or opposing any candidate, ballot measure, political party, or political party committee on any property or in any building owned or leased by the state or any political subdivision unless the property or building is routinely used by and made available for rent or for a fee to all members of the public (§8.925);
- (2) Requires the Attorney General, or a designated assistant; the Elections Division of the Office of the Secretary of State; and each county prosecutor to provide assistance to the Missouri Ethics Commission in any investigation under §105.959 (§§27.035, 28.320, and 56.060);
- (3) Prohibits a member of the General Assembly from accepting or receiving compensation of any kind as a paid political consultant until one year after the expiration of his or her term of office. A member of the General Assembly cannot act, serve, or register as a lobbyist or solicit clients to represent as a lobbyist until three years after the expiration of his or her term of office. A member may serve as an uncompensated lobbyist for a religious and charitable organization under Chapter 352 immediately upon leaving office. Paid, full-time employees of a member of the General Assembly cannot act, serve, or register as a lobbyist or solicit clients to represent as a lobbyist until one year after his or her termination of employment. A member of the General Assembly cannot be compensated for acting or serving as an elected local government official lobbyist or solicit clients to represent while serving a term as a member of the General Assembly (§§105.450 and 105.453);
- (4) Prohibits a member of the General Assembly or specified state-wide elected officials from soliciting any registered lobbyist for a position with a hiring date beginning after the person is no longer an elected official, whether compensated or not, while he or she holds office (§105.456.1);
- (5) Prohibits a member of the General Assembly from accepting or receiving compensation of any kind as a paid political consultant for another individual holding the office of state representative, state senator, specified state-wide elected offices, or any committee and any spouse, dependent child, or parent of a member of the General Assembly from accepting or receiving compensation of any kind on behalf of any individual holding office as a state representative or senator who acts as a paid political consultant (§105.456.3);
- (6) Prohibits an individual or business entity from soliciting a member of the General Assembly to become employed by that individual or entity as a lobbyist or paid political consultant while the member is holding office. No member of the General Assembly may solicit clients to represent as a legislative lobbyist (§105.456.4);

FISCAL DESCRIPTION (continued)

(7) Prohibits the Governor or any person acting on behalf of the Governor from making any offer or promise to confer various specified appointed positions to a member of the General Assembly in exchange for the member's official vote on a public matter. Any person making an offer or promise is guilty of the crime of bribery of a public servant. A member of the General Assembly who accepts or agrees to accept an offer or promise to confer an appointment to specified positions in exchange for an official vote on a public matter will be guilty of the crime of acceding to corruption (§§105.456.5 and 105.456.6);

(8) Prohibits the Governor and other specified statewide elected officials and members of the General Assembly or their staff, employees, spouses, and dependant children from accepting anything of value from a lobbyist (§105.456.7);

(9) Requires, within 10 days of the submission of an appointment letter to the Secretary of State for the appointment of a person to a board or commission, the Governor to deliver to the President Pro Tem of the Senate a list of any political contributions and expenditures made by the appointee within the previous four years. The current requirement that an eligible nominee for appointment to a board or commission requiring Senate confirmation must, within 30 days of submission of his or her name to the Governor and in order to be an eligible nominee, file a financial interest statement and request a list of all political contributions that were made within the prior four-year period from the Ethics Commission and deliver it to the Ethics Commission and the President Pro Tem prior to confirmation is repealed (§105.463);

(10) Specifies that any person who intentionally offers or accepts anything of value to an elected or appointed official or employee of the state or any political subdivision in direct exchange for voting for or against or engaging in any action designed to benefit, delay, or hinder the passage or failure of any specific state legislation, rule, or regulation or any specific local legislation, order, ordinance, rule, or regulation will be guilty of a class D felony (§105.465);

(11) Requires, by January 5 of each year or five days after beginning any activities as a paid political consultant, a paid political consultant to file standardized registration forms, verified by a written declaration that it is made under the penalties of perjury with the commission. The information that must be included in the report is specified. The commission must maintain files on all consultant filings which must be open to the public. The filing fee is \$10 and an updating statement under oath must be filed with the commission within five days of any addition, deletion, or change in the person's employment or representation (§105.468);

(12) Repeals the provisions allowing a lobbyist to report the total of all expenditures, instead of individually, for an occasion provided to all members of the House of Representatives or Senate, all members of a joint committee of the General Assembly, or a standing committee of the House of Representatives or the Senate when they are invited in writing (§105.473.3);

FISCAL DESCRIPTION (continued)

(13) Requires a lobbyist or a lobbyist principal to maintain accurate records relating to receipts and expenditures for elected officials for at least three years and to make those records available to the commission for inspection upon an investigation by the commission (§105.473.6);

(14) Prohibits a lobbyist from offering the Governor and other specified statewide elected officials and members of the General Assembly or their staff, employees, spouses, and dependant children anything of value (§105.473.15);

(15) Requires a paid political consultant to file an electronic registration report as supplied by the commission and requires members of the General Assembly to also use the electronic reporting system used by all lobbyists (§105.477);

(16) Specifies that any person who engages in lobbyist activities as defined in §105.470 and knowingly fails to register as a lobbyist will be guilty of a class B misdemeanor for the first violation and a class D felony for any subsequent violation (§105.478);

(17) Requires any paid, full-time employee of specified elected officials who works in any manner to develop or influence the passage or defeat of any legislation; any person employed by the state or by any elected or appointed official or by any political subdivision including a school district who is compensated for political activities or consulting unrelated to his or her official duties; and any paid, full-time employee of any member of the General Assembly must also file a financial interest statement with the commission. These provisions must apply to all individuals regardless of whether he or she is compensated on a full-time, part-time, or contract basis. These individuals must also file an additional financial interest statement each year not later than June 30 covering the period from January 1 to May 31 (§§105.483 and 105.487);

(18) Creates specified additional information requirements for financial interest statements (§105.485);

(19) Authorizes the term of a member of the commission to be extended one time for up to 120 days if there are vacancies on the commission and allows the executive director of the commission to serve at the pleasure of the commission instead of being limited to no more than six years (§§105.955.3 and 105.955.11);

(20) Authorizes the commission to conduct investigations and clarifies the commission's authority to issue subpoenas by allowing the commission to delegate the power to issue subpoenas to the executive director (§§105.955.14 and 105.955.15);

(21) Creates the Missouri Ethics Commission Enforcement Fund consisting of 50% of any fine, fee, or penalty imposed for a violation of any provision over which the commission has

FISCAL DESCRIPTION (continued)

jurisdiction exclusive of funds mandated for education by law. Moneys in the fund must be deemed to be additional funding and no amount appropriated to the commission for fiscal years beginning on or after July 1, 2014, can be reduced below the appropriation made for the fiscal year ending on June 30, 2014 (§105.955.19);

(22) Requires a complaint to be signed and notarized and to include the alleged facts that, if true, are within the commission's jurisdiction before being accepted by the commission. The provision is repealed that allows the commission to dismiss a case if it finds no probable cause to believe that there has been a violation. A person is allowed to be reimbursed up to 10% of specified fines, fees, or penalties resulting from an ethics investigation when he or she is the original source of information for the investigation and he or she did not plan, initiate, or participate in the conduct subject to the investigation (§105.957);

(23) Authorizes the executive director of the commission to conduct an independent investigation without the receipt of a complaint if there are reasonable grounds to believe a violation has occurred. If an investigation fails to establish reasonable grounds to believe that a violation has occurred, the investigation must be terminated and the person who had been under investigation must be notified. Separate time limitations for a special election investigation are also specified in the bill (§105.959);

(24) Changes the laws regarding complaint investigation procedures, investigation time frames, and the appeal process (§§105.961 and 105.966);

(25) Establishes the late fees that may be assessed for a delinquent report to the commission at a consistent rate for all report types and repeals the \$3,000 maximum late fee per report (§§105.963.1 and 105.963.2);

(26) Requires a candidate, in the required written declaration of candidacy, to affirm that he or she is not a feigned candidate in order to conceal the candidacy of another or to divide the opposition (§115.349.3);

(27) Creates a class three election offense for giving, lending, or agreeing to give or lend, offering, promising, or endeavoring to procure money or anything of value with the intent to induce a person to run for any office in this state if the person has the same or a similar name as another candidate for that office and would not otherwise run for the office but for the inducement. Legally made campaign contributions cannot be construed as an inducement to run for elective office under the provisions of the bill (§115.635);

(28) Moves the definitions regarding committee formation and termination from §130.011 to §130.021. The definition of a "committee" is revised to include an organization that is exempt

FISCAL DESCRIPTION (continued)

from taxation under 26 U.S.C. Section 501(c)(4) and the definition of “political party committee” is revised as a committee of a political party which may be organized as a not-for-profit corporation under Missouri law and has the primary or incidental purpose of receiving contributions and making expenditures to influence or attempt to influence the action of voters on behalf of the political party. Political party committees can only take the form of one state party committee per political party (§130.011);

(29) Prohibits a person acting as a treasurer or deputy treasurer for a committee from acting as a treasurer or deputy treasurer for any other committee at the same time (§130.021.1);

(30) Prohibits a person from forming a new committee or serving as a treasurer or deputy treasurer for a committee until the person or the treasurer of any previously formed committee by the person or who served as treasurer or deputy treasurer has filed all required campaign disclosure reports or statements of limited activity have been filed for all prior elections and paid any outstanding fees. No candidate is allowed to form, control, or direct a political action committee (§130.021.3);

(31) Modifies the time frame for filing a statement of organization and terminating a committee (§§130.021.5 - 130.021.8);

(32) Specifies that each committee must retain only one address for the purpose of receiving contributions and a post office box cannot qualify as an acceptable address. No committee can have the same address as any other committee (§130.021.12);

(33) Makes technical changes renaming committees (§§130.026 and 130.028);

(34) Prohibits any contribution from being made or accepted and any expenditure being made or incurred with the intent to conceal the identity of the actual source of the contribution or the actual recipient and purpose of the expenditure. There must be a rebuttable presumption that a contribution is made or accepted or an expenditure is made or incurred with the intent to conceal the identity of the actual source of the contribution or the actual recipient and purpose of the expenditure when the source of a contribution or the recipient and purpose of an expenditure is purposely misreported to the commission through a repeated misspelling of the source, recipient, or purpose. A contribution cannot be made or accepted, and an expenditure cannot be made or incurred, with the intent to circumvent the limitations on contributions or expenditures imposed by law. There must be a rebuttable presumption that a contribution is made or accepted with the intent to circumvent the limitations on contributions when a committee receives a contribution from two or more committees that are primarily funded by a single person, individual, or other committee or when a contribution is received from a committee that is primarily funded by a single person, individual, or other committee that has already reached its contribution limit under JH:LR:OD

FISCAL DESCRIPTION (continued)

any law relating to contribution limitations on the receiving committee. A committee must be deemed to be primarily funded by a single person, individual, or other committee when the committee receives more than 50% of its annual funding from that single person, individual, or other committee. When a committee receives a contribution from two or more committees that are primarily funded by a single person, individual, or other committee, or when a contribution is received from a committee that is primarily funded by a single person, individual, or other committee that has already reached its contribution limit under any law relating to contribution limitations on the receiving committee, the commission must investigate. The investigation must, when directed by the commission, be assisted by the Office of the Attorney General, the Elections Division of the Office of the Secretary of State, or the prosecuting attorney of the county in which the violation occurred. Any person who receives contributions for a committee must disclose to that committee's treasurer, deputy treasurer, or candidate the recipient's own name and address and the name and address of the actual source of each contribution the person has received for the committee. Any person who makes expenditures for a committee must disclose to that committee's treasurer, deputy treasurer, or candidate the person's own name and address, the name and address of each person to whom an expenditure has been made, and the amount and purpose of the expenditures the person has made for that committee. The penalty and fine for a violation are specified (§130.031.3);

(35) Prohibits a gubernatorial appointee from making any contribution or expenditure for the Governor or his or her candidate committee (§130.031.13);

(36) Requires, beginning January 1, 2015, all committees that must file campaign financial disclosure reports with the commission to file any required report in an electronic format as prescribed by the commission (§130.031.14);

(37) Prohibits a committee from transferring any funds to another committee if the same individual is the treasurer or acting as an agent for both committees (§130.031.15);

(38) Prohibits the rate of interest on any unsecured loan made to any committee from exceeding 10% per annum (§130.031.16);

(39) Limits, beginning January 1, 2015, the amount of contributions from any one person other than the candidate in any one election to a candidate for specified statewide office to \$2,600; \$1,000 for a candidate for state senator; and \$500 for a candidate for state representative or any other office, including judicial office. The total amount of contributions by any single contributor in a year to any political party cannot exceed \$32,400. The limits must be increased on January 1 of each even-number year by the specified formula based on increase in the federal Consumer Price Index. A contribution from a child younger than 14 years of age must be counted equally toward each parent's contribution limits or, in the case of a single parent,

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FISCAL DESCRIPTION (continued)

counted fully against that parent's contribution limit. Any committee that violates these provisions will be subject to a \$1,000 surcharge plus the amount of the non-allowable contribution if a violation is not voluntarily corrected within 10 business days from receipt of notice of the violation from the commission (Section 130.032);

(40) Specifies that disclosure reports must be available for inspection by the commission instead of the Campaign Finance Review Board which no longer exists (§130.036);

(41) Requires any committee that holds or invests funds to only hold or invest the moneys in no- or low-risk investments and prohibits the investment of any of the funds in moderate- to high-risk investments (§130.039);

(42) Decreases, from \$5,000 to \$2,000, the amount of a single contribution that must be disclosed electronically to the commission within 48 hours of receipt. Individuals and committees required to file disclosure reports who receive a single contribution of \$2,000 or more that must be reported under §130.044 must include that contribution on the current and all subsequent disclosure reports or statements of limited activity required in that election cycle or calendar year. The contribution reportable under §130.044 and required to be included on subsequent statements of limited activity under §130.041 will not be counted in the maximum aggregate limits for a statement of limited activity filed under §130.046 (§§130.041- 130.046);

(43) Repeals the exemption and requires specified continuing committees and candidate committees to file campaign finance reports electronically with the commission (§130.057);

(44) Allows the commission to direct the Secretary of State to remove a candidate from the ballot using the removal process of Chapter 115 for specified violations of the campaign finance limits. Removal requires a finding of a violation by the commission, a judicial body, or a quasi-judicial body prior to the day of the general election (§130.073);

(45) Makes technical changes to accommodate committee naming changes (Section 226.0330);

(46) Changes the penalty for a person who commits the crime of obstruction of an ethics investigation from a class A misdemeanor to a class D felony (Section 575.021);

(47) Specifies that individual members of the General Assembly and their staff and employees are to be considered as a public governmental body for the purposes of the Open Records and Meetings Law, commonly known as the Sunshine Law, when the person is operating in his or her official capacities and using state-funded equipment for his or her official communications (§610.010); and

FISCAL DESCRIPTION (continued)

(48) Repeals the provisions enacted by Senate Bill 844 in the 95th General Assembly, Second Regular Session, which were struck down as unconstitutional by the Missouri Supreme Court for procedural reasons in *Legends Bank and John Klebba v. State of Missouri*, SC 91742.

The bill becomes effective January 1, 2015.

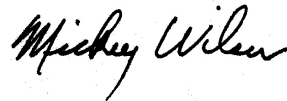
This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

City of Jefferson City
City of Kansas City
Department of Conservation
Department of Corrections
Fulton School District
Johnson County School District
Kansas City School District
Lincoln University
Linn State Technical College
Missouri Department of Transportation
Missouri House of Representatives
Missouri Senate
Missouri Southern State University
Missouri Western State University
Northwest Missouri State University
Office of Administration
 Division of Budget and Planning
Office of Attorney General
Office of the Governor
Office of the Lt. Governor
Office of the Secretary of State
Office of the State Auditor

SOURCES OF INFORMATION (continued)

Office of the State Public Defender
Office of State Treasurer
Platte County Board of Election Commission
St. Louis County
St. Louis County Board of Election Commission
University of Central Missouri
University of Missouri
Missouri Ethics Commission



Mickey Wilson, CPA
Director
February 24, 2014

Ross Strobe
Assistant Director
February 24, 2014